

STATE OF MICHIGAN
DEPARTMENT OF ENERGY, LABOR & ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE REGULATION
Before the Commissioner of the Office of Financial and Insurance Regulation

In the Matter of:

Brown City Mortgage Company.

Enforcement Case No. 08-6954

License No.: FL-0015026

Respondent.

CONSENT ORDER REVOKING FIRST MORTGAGE LICENSE

Issued and Entered,
This 2nd day of February, 2009,
By Stephen R. Hilker,
Chief Deputy Commissioner

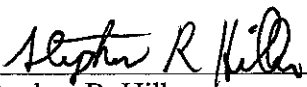
Based upon the Stipulation to Entry of Consent Order and the files and records of the Office of Financial and Insurance Regulation ("OFIR") in this matter, the Commissioner FINDS and CONCLUDES that:

1. The Commissioner has jurisdiction and authority to adopt and issue this Consent Order in this proceeding, pursuant to the Michigan Administrative Procedures Act of 1969 ("APA"), as amended, MCL 24.201 *et seq.*, and the Mortgage Brokers, Lenders, and Servicers Licensing Act ("MBLSLA"), 1987 PA 173, as amended, MCL 445.1651 *et seq.*
2. All required notices have been issued in this case, and the notices and service thereof were appropriate and lawful in all respects.
3. Acceptance of the parties' Stipulation to Entry of Consent Order is reasonable and in the public interest.
4. All applicable provisions of APA have been met.
5. Brown City Mortgage Company ("Respondent") violated the Mortgage Brokers, Lenders, and Servicers Licensing Act, MCL 445.1651 *et seq.*

NOW THEREFORE, based upon the parties' Stipulation to Entry of Consent Order and the facts surrounding this case, IT IS ORDERED THAT:

1. The Stipulation to Entry of Consent Order submitted by the parties to the Chief Deputy Commissioner is hereby ACCEPTED.
2. Respondent's first mortgage broker and lender license issued pursuant to provisions of the MBLSLA shall be and is hereby REVOKED.
3. Respondent shall immediately deliver to OFIR its original mortgage broker and lender license certificate.
4. Respondent agrees that neither it, nor its CEO James Dombrowski, will seek licensure in the State of Michigan under the MBLSLA, or any other financial licensing act, for a period of 5 years.
5. The Commissioner specifically retains jurisdiction over the matters contained herein and has the authority to issue such further order(s) as he shall deem just, necessary and appropriate in accordance with the provisions of the MBLSLA. Failure to abide by the terms and conditions of the Stipulation to Entry of Consent Order and this Order may result in the commencement of additional proceedings.

IT IS SO ORDERED.



Stephen R. Hilker,
Chief Deputy Commissioner

**STATE OF MICHIGAN
DEPARTMENT OF ENERGY, LABOR & ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE REGULATION
Before the Commissioner of the Office of Financial and Insurance Regulation**

In the matter of:

Brown City Mortgage Company,

Enforcement Case No. 08-6954

License No.: FL-0015026

Respondent.

**STIPULATION TO ENTRY OF CONSENT ORDER
REVOKING FIRST MORTGAGE LICENSE**

Brown City Mortgage Company ("Respondent") and the Office of Financial and Insurance Regulation ("OFIR") hereby stipulate and agree to the following:

1. OFIR staff ("Staff") attempted to conduct an on-site Examination of Respondent's books and records commencing on May 22, 2008 pursuant to Section 11(2)(c) of the Mortgage Brokers, Lenders, and Servicers Licensing Act ("MBLSLA"), MCL 445.1661(2)(c). The attempted Examination concluded on the same day.

2. Thereafter, a Report of Examination was mailed to Respondent.

3. The Report of Examination contained allegations that Respondent had violated the MBLSLA and set forth the applicable law.

4. During the attempted Examination, OFIR determined that Respondent failed to preserve and keep available for examination mortgage loan documents in its possession or control as required by MCL 445.1671(2). Allegedly, the Respondent's annual report was prepared by an operations manager, Steve Ruza. Ruza's attorney, Blake Lipman, advised OFIR that the Respondent had closed 11 loans through Michigan Title Works, Southfield, MI, a title agency that was no longer in business and that had not maintained documents.

5. Respondent failed to maintain loan documentation for a minimum of three years after the date the loan is closed or until the mortgage is transferred, in violation of the MBLSLA.

6. Respondent refused to permit OFIR to conduct its examination in direct violation of MCL 445.1672(g). When OFIR attempted to conduct its examination on May 22, 2008, James Dombrowski, CEO and 100% owner of Respondent, stated that Ruza owned 50% of the company and stated there were no loan documents, bank records, or operations information at the Respondent's business location. Dombrowski stated that all documentation was located at Ruza's home in Bloomfield, MI.

7. OFIR attempted to speak with Ruza who said he had other obligations and directed OFIR to speak with his lawyer.

8. Dombrowski advised OFIR that he was not aware that his license was being used to originate mortgage loans. OFIR discovered loan documentation related to another licensee, Gateway Mortgage, LLC, by whom Dombrowski, his wife, Carrie, and Ruza had been employed. Ruza stated that he did not maintain any loan documentation.

9. Given Dombrowski's lack of control and the Respondent's failure to have documentation available as required by law, OFIR believes Respondent's license should be revoked and Respondent agrees.

10. Thereafter, Staff and Respondent conferred for purposes of resolving this matter and determined to settle this matter pursuant to the terms set forth below.

11. Respondent knowingly and voluntarily waives and relinquishes its right to be served with a Notice of Intention to Revoke and an opportunity for an administrative hearing in this matter, pursuant to Section 12 of the MBLSLA, MCL 445.1662.

12. The Commissioner of OFIR ("Commissioner") has jurisdiction and authority to adopt and issue the Consent Order, pursuant to the APA, MCL 24.201 *et seq.*, and the MBLSLA.

13. At all pertinent times, Respondent was licensed with OFIR as a mortgage broker and lender pursuant to the MBLSLA.

14. Based upon the allegations set forth in the Report of Examination and communications with Respondent, the following allegations were established:

- a. Respondent violated MCL 471.1671(2) by failing to maintain books and records and loan documentation as required thereunder; and

b. Respondent violated MCL 445.1672(g) by refusing to permit an OFIR Examination of Respondent's books and records.

15. Respondent agrees that its first mortgage broker and lender license, issued pursuant to provisions of the MBLSLA, shall be REVOKED by the Commissioner.

16. CEO Dombrowski agrees that he shall not make application to the Commissioner for licensure under the MBLSLA, SMLA, or the Consumer Financial Services Act, 1988 PA 161, as amended, MCL 487.2051 *et seq.*, individually and/or on behalf of any entity with which he is now affiliated or with which he may become affiliated, for a period of 5 years from the date of signing of an order by the Commissioner ordering the terms of this stipulation.

17. The procedural requirements of the APA and the MBLSLA have been complied with in all respects by both parties.

18. Respondent understands and agrees that this Stipulation will be presented to the Chief Deputy Commissioner for approval. The Chief Deputy Commissioner may in his sole discretion, decide to accept or reject the Stipulation and Consent Order. If the Chief Deputy Commissioner accepts the Stipulation and Consent Order, Respondent waives the right to a hearing in this matter and consents to the entry of the Consent Order. If the Chief Deputy Commissioner does not accept the Stipulation and Consent Order, Respondent waives any objection to the Commissioner holding a formal administrative hearing and making his decision after such hearing.

19. The failure to abide by and fully comply with the terms and conditions of this Stipulation and Consent Order may, at the discretion of the Commissioner, result in further administrative compliance actions.

20. The Commissioner has jurisdiction and authority under the provisions of the APA and the MBLSLA to accept this Stipulation to the Entry of Consent Order and to issue a Consent Order resolving these proceedings.

21. Respondent has had an opportunity to review this Stipulation and the accompanying Consent Order and have same reviewed by legal counsel.